



# Manistee County Board of Commissioners

Manistee County Courthouse • 415 Third Street • Manistee, Michigan 49660

CHAIRPERSON  
Jim Kroleczyk  
VICE-CHAIRPERSON  
Ken Hilliard

Duane Anderson  
Ervin Kowalski  
Glenn Lottie  
Carl Rutske  
Richard Schmidt

CLERK

Marilyn Kliber  
(231) 723-3331

CONTROLLER/ADMINISTRATOR

Thomas Kaminski  
(231) 398-3500

## HOUSING REVIEW BOARD/POLICY COMMITTEE REPORT

Tuesday, August 16, 2011  
12:00 P.M.

Courthouse and Government Center  
Board of Commissioner's Room

Members Present: Carl Rutske, Chairperson; Duane Anderson; and Ken Hilliard

Others Present: Jeri Lyn Prielipp, Manistee County Housing Program Administrator

The meeting was called to order at 12:00 P.M.

### Items Requiring Board Action:

At a previous meeting, the Committee recommended that the proposed Manistee County Program Guidelines for Administration of the Home Improvement Program (dated July 1, 2010) revised July 18, 2011, be submitted to the Michigan State Housing Development Authority (MSHDA) for approval. Ms. Prielipp submitted the revised Guidelines to MSHDA, which were approved by Tracey McDowell, Community Development Specialist with the Michigan State Housing Development Authority via email dated August 10, 2011.

**Mr. Anderson recommended that the Manistee County Board of Commissioners consider approving the Manistee County Program Guidelines for Administration of the Home Improvement Program (dated July 1, 2010) revised July 18, 2011. No alternative recommendation was proposed.**  
(APPENDIX A)

### Items Not Requiring Board Action:

Ms. Prielipp explained that the purpose of this meeting was to consider an application for emergency homeowner rehab assistance. The homeowner (HO) has been without water for approximately 7 months. MSHDA's conditions for funding are that the HO must be current with their mortgage payments and that all taxes and insurance must be up to date. The HO does not have insurance but HO's mortgage company has a \$13,300 policy on the residence. The County Treasurer's Office reported that the HO owes \$1,261.75 in delinquent taxes for 2010. HO was granted a hardship exemption from paying property taxes for 2008, 2009 and 2011, but neglected to petition the Manistee Township Board of Review for a hardship exemption for 2010. The Housing Review Board (Policy Committee) has the authority to waive the delinquent tax provision. Ms. Prielipp also explained that in an emergency situation, the HO is required to obtain two separate estimates, which the HO has obtained from two separate well drillers. Each driller provided one estimate for the minimum amount of work that could be done in an attempt to identify and rectify the

problem to get water to the residence, and the second quote is to drill a whole new well. At the request of the Committee, Ms. Prielipp reported that one driller's estimates were \$1,315.00 and \$5,528.80, and the other driller's estimates came in at \$1,965.25 and \$6,792.00. All estimates include permit fees and water testing. Ms. Prielipp also informed the Committee that she has verified that the HO is employed part-time with an annual gross income is \$7,440. Mr. Anderson correctly pointed out that the HO has failed to meet two conditions of the application process, in that HO does not have insurance and owes delinquent taxes. Although the HO meets the income requirements, Mr. Anderson doesn't feel comfortable approving this application. Both Mr. Anderson and Mr. Hilliard expressed concern with setting a precedence, however Mr. Rutske feels each application should be considered on a case by case basis.

There was a motion by Mr. Anderson to deny the application. There was no second to this motion.

There was a motion by Mr. Hilliard, seconded by Mr. Rutske to grant the application and proceed with accepting the lower bid, however the Committee wanted it made very clear that they are not setting a precedence by taking such action and the Housing Review Board will review each application on a case by case basis. Motion carried by a vote of 2-1.

The meeting adjourned at 12:20 P.M.

---

Carl Rutske, Chairperson/Commissioner

---

Ken Hilliard, County Commissioner

---

Duane Anderson, County Commissioner

**MANISTEE COUNTY  
PROGRAM GUIDELINES  
FOR ADMINISTRATION OF THE  
HOME IMPROVEMENT PROGRAM**

**July 1, 2010 TO 12-31-12**

**(Revised July 18, 2011)**

**(Approved by MSHDA August 10, 2011)  
via email**

**MANISTEE COUNTY**

**PROGRAM**

**GUIDELINES**

## **GENERAL PROVISIONS**

Manistee County proposes to use CDBG funds to assist Single Family Housing Rehabilitation. Rehabilitation assistance will be available in the form of deferred loans and Property Improvement Program (PIP) loans. This program is not intended for seriously substandard dwellings, which would require substantial reconstruction to make them meet these codes.

The major emphasis of this program is to serve Manistee County residents by rehabilitating the homes owned by those with low and moderate incomes.

## **PROGRAM REQUIREMENTS**

### Benefit to Low and Moderate Income Residents:

The program will be available to low and moderate income residents meeting HUD Section 8 income limits, which are 80% below the area median income. An applicant for a combination deferred loan and Property Improvement Program (PIP) loans from the Michigan State Housing Development Authority (or other source of matching funds such as a bank loan or cash match) shall not have an annual gross income of more than the following amounts:

Family Size	1	2	3	4	5	6	7	8
Annual Income	\$28,800	\$32,900	\$37,000	\$41,100	\$44,400	\$47,700	\$51,000	\$54,300

\*Income limits may change as HUD provides periodic updates.

### Security of Deferred Loans:

A deferred loan of more than \$2,500 shall result in a lien being placed against the property at the pre-construction conference and/or loan closing. Such lien shall be recorded with the County Register of Deeds in favor of the County in an amount equal to the deferred loan. When the property is sold, transferred or otherwise conveyed, voluntarily or involuntarily, either while the applicant is living or by reason of the death of the applicant or the property ceases for any other reason to be the applicant's principal place of residence or if the applicant defaults in the terms or payment of any other lien existing against the property or hereafter incurred, the full amount shall be due and owing the County. This amount shall be paid to the County on such terms and conditions as the County shall prescribe. A possibility of assumption exists for income eligible heirs intending to use the property as a principal residence.

### Verification of Involvement of Matching Fund Program:

The CDBG Housing Rehabilitation Program will have the cooperation and support of the following community agencies and organizations:

1. FiveCAP, Inc. - Weatherization
2. Department of Human Services
3. Rural Development
4. Love, Inc.

### General Requirements:

Single family owner occupied houses will be renovated to conform to the HUD Section 8 Housing Quality Standards (HQS) and meet cost effective energy efficiency standards. All local zoning codes and other ordinances will receive full compliance.

### Eligibility/Applicant Requirements:

The Housing Review Board shall require the completion of an application and related documents to determine eligibility for a loan.

- a. The applicant must be an individual family who owns and occupies residential property in Manistee County and have owned and resided in the property as their legal primary residence for a period of not less than three years in order to receive assistance from CDBG funds.
- b. The property must be the permanent year-round residence of the applicant.
- c. The applicant must prove ownership interest by submitting a copy of a deed or recorded land contract that can be traced to last recorded warranty deed. A rehabilitation loan on a property with a land contract requires a signed and recorded subordination agreement from the land contract holder.
- d. All debt against the property, including taxes, must be current.
- e. A copy of the front page of the applicant's homeowner's insurance policy is required as proof of insurance at the time of application; Manistee County will be added as a Loss Payee for all loans.
- f. Applicants must submit proof of income; this will consist of Income Tax Returns for the previous year or signed affidavit, check stubs to show one month's income to include employment, social security benefit letter, SSI, DSS, pension, and any other household income.
- g. Income eligibility will be determined and eligible applicants with gross income less than 80% of our area median income will qualify for a 0% interest deferred loan.
- h. All improvements must be physically attached to the property and permanent in nature.
- i. The Michigan History Division will be notified of all potential projects in which the property is 50 years of age or older.

In addition to the above requirements, manufactured housing and mobile homes must meet the following requirements.

- a. The housing unit must be part of the community's permanent housing stock (as so defined in MSHDA's Policy Bulletin #17).
- b. The mobile home must be a permanent part of the property and taxed on the county tax roles as part of the property.
- c. Mobile home must be tied down with the wheels removed and attached permanently to the property.

### Maximum CDBG Cost Allowed Per Unit:

The maximum CDBG cost allowed per unit is \$35,000.00.

**FINANCING MECHANISMS:**

Manistee County will comply with MSHDA's minimum lien requirements found in Policy Bulletin #9. Our scale for required payment will be:

Under 80% AMI

100% Deferred CDBG funds

Computation of PIP Loans:

The PIP loan shall not exceed \$25,000 including a 4% origination fee and a \$50 inspection fee and shall not have a final maturity of less than six months from the date of the loan. The maximum permissible maturity on a loan is twenty years from the date of the loan. The term of the loan will be at the discretion of the lending institution, based on the borrower's debt structure, source of income, and reasonable ability to repay. Loans under \$1,000 shall not have a term exceeding six months without prior MSHDA approval. The borrower's debt to gross income ratio shall not exceed 45%, or 55% with MSHDA approval.

The percentage of the deferred loan shall depend on the PIP interest rate charged by the lending institution which, in turn, shall depend on the applicant's gross annual income.

Gross Annual Income	PIP Interest Rate
0 - 16,999	4%
17,000 - 29,999	6%
30,000 - 44,000	8%
44,001 -56,650(urban)	8%
NA Non-Owner Occupied	8%

The total cost of repairs shall not exceed 80% of the market value of the property.

Security of PIP Loans:

The PIP loan must be secured if the principal amount is over \$7,499, in which case a recorded lien in the form of a mortgage is required on the property being improved. The mortgage shall be for the amount of the principal including the 4% origination fee and a \$50 inspection fee and shall be discharged upon repayment of the loan.

For the applicant who is a Land Contractor purchaser, all owners in fee simple listed on the deed, all intervening contract sellers, and the contract purchaser are required to sign the mortgage. Acknowledgment by the title owner is not sufficient. However, the assignment of an intervening purchaser's interest in a land contract satisfied the need for the purchaser's signature.

Inheritance Clause:

In the event the rehabilitated property is conveyed by means of a will or inheritance (testate of intestate), the new owner will be responsible for payback of the loan. If the new owner may income qualify under the program, current payments can be assumed under original terms. However, the new owner must occupy the home.

### Program Income:

Recaptured funds from loans and grants will be treated as program income and expended to further the housing rehabilitation program in accordance with MSHDA's Policy Bulletin #2.

## **EQUAL OPPORTUNITY:**

### Fair Housing:

The Community has actively promoted fair housing and has declared it to be contrary to public policy of the County of Manistee for any person to be discriminated against in housing because of race, religion, national origin, color, sex, marital status, age or handicap. Since 1969, the City of Manistee operates 218 units of public housing in the Manistee area. Elderly and low income housing is provided in the County with Century Terrace (elderly) 119 units. Harborview Apartments (elderly) 51 units, and scattered family housing. There are 48 houses ranging in size from one to four bedroom units. All units are superbly maintained and are located on the finest sites in the Community. The elderly sites are located on the Manistee River next to our main shopping district. Family units are located next to subdivision or scattered in well maintained housing neighborhoods.

The designated Fair Housing contact person is Jeri Lyn Prielipp.

### CDBG to Promote the Program:

All advertising and promotion for the program indicates that the program is open to all income qualified persons, does not discriminate, and contains the equal opportunity logo.

## **COMPLAINT PROCEDURE:**

In the event a dispute arises between the Contractor and the Homeowner, the parties agree to resolve the dispute between the contractor and homeowner with the assistance of the Housing Program Administrator first, if this is not satisfactory, a committee will be formed to hear the dispute and render a decision, if this decision is not satisfactory to the homeowner and contractor, both parties must agree to a meeting with a mediator to settle the differences.

### Discrimination Complaints:

Manistee County will comply with all provisions of Title VI of the U.S. Civil Rights Act of 1964, and Section 504 of U.S. Act 220 for 1973, as well as Elliott-Larson Civil Rights Act, Public Act 453 of 1976; Section 4 Act 251, Public Acts of 1955 as amended; section 4a of Act 349, Public Acts of 1966, and Section 4a of Act 344, Public Acts of 1965, all four being laws of the State of Michigan.

No person shall be denied participation in any program sponsored by the County of Manistee's Home Improvement Program based on religion, race, color, national origin, age, sex, marital status, height, weight, arrest record or handicap, except in those cases where such denial is mandated by federal and/or State law or accompanying regulations.

## APPENDIX A

### Applicant Criteria/Single Family Housing:

Housing rehabilitation assistance will be made to all eligible homeowners residing within the County, but must meet the following guidelines to be eligible for the program:

- a. Applicants successful in obtaining a Home Rehabilitation loan or grant, may not apply for another loan or grant for a period of five (5) years. This does not include applicants for Emergency Repairs.  
Applicant's total liquid assets must not exceed \$10,000.00.
- b. Applicant's mortgage or land contract payments, including tax and/or insurance escrows must be paid to a current status.
- c. Only applicants who have a total household income of 80% or less of the County's median income for the applicable household size as published by MSHDA will be eligible to receive CDBG funds.

### Conflict of Interest:

No elected County official or immediate family member, Committee member or employee directly involved in administering the HOME program is eligible to benefit directly from the CDBG. Applicants who are employed by Manistee County or who are related to a member of the County staff or the County Board of Commissioners shall disclose their relationship on their application, and the application shall be submitted to MSHDA for final approval.

### Applicant - File Contents

The Housing Program Administrator shall maintain files on all applicants, which shall include:

- a. Loan/Grant Application.
- b. Family Composition and Income & Asset Checklist.
- c. Verification of owner of record through last recorded warranty deed.
- d. Verification of income, earnings, and resources.
- e. Property Tax Verification.
- f. Homeowner's Insurance Policy.
- g. Construction documents; inspection report, work specifications, estimates, contractor bids, contract, waiver of lien, and pre-construction conference report.
- h. Copy of mortgage and promissory note.
- i. Signed lead based paint notification and lead paint risk assessment report for pre-1978 homes.
- j. Signed Authority to Release Information.

A preliminary inspection and cost estimate is done by the City Building Inspector and the Program Administrator for compliance with Section 8 Existing Housing Standards.

### Application Acceptance/Receipt:

New grant awards are always announced in the local newspaper and new applicants are invited to apply. Applicants will be served on a first-come, first-served basis; applications are accepted as they are received in the program office and funded in order of completed application and submitted documentation. Priority will be given to health and safety concerns.

### Selection of Recipients by the Housing Review Board:

All applications, when completed with verification and work lists, shall be reviewed by the Housing Review Board on a "first-ready, first served" basis. On July 19, 2011, the Manistee County Board of Commissioners took action to assign the duties of the Housing Review Board to the County Policy Committee.

The Committee will be responsible for financial approval of assistance for recipients on an anonymous basis and for hearing any unresolved complaints, when referred by the County. The County's staff will provide written notification of hearing results within 15 working days of the date of the hearing.

### Files:

The Administrator shall be responsible for establishing a permanent file for all approved applications and insuring that all necessary documents are included in the applicant's permanent file. All permanent files may be destroyed upon receipt of a close out letter from MSHDA. Applications which are declined or canceled shall be destroyed after one (1) year.

### Project Level of Improvement:

Properties shall be rehabilitated to meet all minimum requirements stated in the Department of Housing and Urban Development (HUD) Section 8 "Housing Quality Standards" (HQS). If the total rehabilitation costs exceed 10% of the estimated replacement value of the property as determined by the municipality's Assessor, the property must meet applicable new construction code requirements in accordance with Article I, Section 120.4 Michigan Building Code.

Assistance would be given to meet the requirements related to:

- |   |                          |
|---|--------------------------|
| a. Sanitary facilities                  | g. Interior air          |
| b. Food preparation and refuse disposal | h. Water supply          |
| c. Space and security                   | i. Lead based paint      |
| d. Thermal environment                  | j. Access                |
| e. Illumination and electricity         | k. Site and neighborhood |
| f. Structure and materials              | l. Sanitary conditions   |

### Energy Efficiency:

All homes would be brought to HUD Energy Conservation Standards.

## **LEAD BASED PAINT REQUIREMENTS:**

The risk assessor to Manistee County will be E.T.C. Environmental Services at 38900 W. Huron River Drive, Romulus, MI 48174. Their phone number is: 734-955-6600.

The City of Manistee and the County of Manistee have hosted lead based paint classes for contractors. Current contractors participating in the Manistee County Home Improvement Program who are certified to be an Abatement Supervisor: Adamczk Construction, Kaminski Construction, LJ Services, Dan Gilman and Lee Pizana.

The cost of the paint inspection and interim control testing, as well as clearance testing, will be part of the project expense and included in the homeowner mortgage.

If lead based paint inspection reports positive testing, we will contract with a well trained, licensed, and insured LBP interim control contractor to do the work.

### CONTRACTOR REQUIREMENTS:

#### Eligible/Qualified Contractors:

The Housing Program Administrator shall establish and maintain a current listing of qualified contractors who can perform and are interested in doing rehabilitation work funded through the housing rehabilitation program. Contractors providing acceptable data as requested below shall be placed on the list of approved contractors. The Housing Program Administrator will advertise annually for interested contractors and frequently monitor the list of contractors to assure they continue to be acceptable.

Information kept on file for eligible contractors are:

- a. Copy of Michigan State Contractor's License.
- b. Adequate liability insurance, listing agent, and expiration date.
- c. Taxpayer identification number or social security number for 1099.
- d. Names of principal suppliers.
- e. Names of usual sub-contractors.
- f. Name of company bank.
- g. Certified in Lead Paint Safe work Practices Course.
- h. Warranty contracted work for eighteen (18) months.

#### Contractor Selection Process:

1. Bid sheets are sent to all acceptable contractors and a copy given to the homeowner. Sealed bids are opened with the homeowner, the Housing Program Administrator and one witness. Selection of a contractor shall be made after a review of the bids for completeness to ensure specifications have been adhered to. A minimum of two acceptable bids will be considered.  
Cost Estimates - Generally, the bids must be within 10% of the cost estimate. [DISCLAIMER - If the chosen Contractor's bid is not within 10% of the cost estimate, the Program Administrator has the right to review the bid with the Contractor].
2. The homeowner will review all bids and choose the contractor, the Housing Review Band can then approve only the amount of the lowest responsible bid.
3. Contracts will be awarded to the lowest responsible bidder.
4. Normally, the lowest responsible bid is chosen; however, if the homeowner chooses a contractor other than the low bidder, the homeowner will pay the difference.
5. All change orders shall be in accordance with the contract and approved by the Program Administrator, Homeowner and Contractor. When feasible, change orders will be offset by a comparable elimination of non-code items.
6. Progress payments are subject to inspections. Final payments (30% holdback) will be subject to a final inspection by the Program Administrator, the City Building Inspector, and the approval of the homeowner.
7. The Housing Review board reserves the right to reject any contractor on the basis of previous work performance.